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Internal audit and oversight

UNOPS: INTERNAL AUDIT AND OVERSIGHT*

Report of the Executive Director

SUMMARY

The present report and its addendum contain information on internal audit assignments in 2001 for which reports were issued, and the comments of the UNOPS Executive Director on the significant findings and recommendations in the reports. It further provides an update on internal oversight matters.

* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.

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I. Introduction

1. The oversight framework for UNOPS includes three elements: (a) external audit, performed by the United Nations Board of Auditors; (b) internal audit, performed by the Office of Audit and Performance Review (OAPR) of UNDP, under the terms of an agreement between the two organizations, for which UNOPS reimburses UNDP on a yearly basis for costs incurred; and (c) internal management oversight, which is directly associated with the self-financing principle by which UNOPS continues to operate.

2. Matters relating to external audit were covered in a separate report submitted to the Executive board at its first regular session 2002 (DP/2002/6). The remaining elements are addressed below.

II. Internal audit matters

3. In order to reflect the independent nature of the internal audit work for UNOPS, the Executive Director has decided to present the report from OAPR as a separate addendum to the present report (DP/2002/13/Add.1) rather than incorporating the findings within his report, as has been done in the past.

4. Overall, the Executive Director appreciates the collaboration with OAPR in the internal oversight of UNOPS matters. The Executive Director is satisfied with the UNOPS response to audit reports and is in agreement with audit recommendations, as reflected in paragraph 11 of the addendum. He also shares the concerns raised in paragraph 5 of the addendum with respect to the need for improvements in the implementation of recommendations.

5. A subsequent review undertaken by UNOPS management indicated that with respect to the Montreal Protocol, the outstanding recommendations are being addressed on a case-by-case basis with the assistance of the Legal and Procurement Support Division. With respect to completion of UNOPS-executed projects, a review subsequent to the issuance of the follow-up audit report has indicated that UNOPS has significantly reduced the number of outstanding projects and has put into place practical measures for monitoring closure procedures. The remaining recommendations to be implemented concern the codifying of those measures.

6. More importantly, as is set forth more fully below, the UNOPS Management Review and Oversight Committee, which is being established, will have as one of its focus areas the follow-up on audit recommendations in order to address any shortfalls in this area.

III. Internal management oversight

7. At the annual session 2001, the Executive Director reported on the progress made towards establishing an internal management oversight unit reporting to the Executive Director that would assist him on matters of compliance and quality assurance. The Executive Director consulted with the Under-Secretary-General for Internal Oversight Services (OIOS) on the terms of reference for such a unit. Owing to budgetary constraints, the unit has yet to be established. In addition, the Executive Director is working with the Director, OAPR towards the establishment of the UNOPS Management Review and Oversight Committee, with terms of reference similar to the committee established within UNDP, to assist the Executive Director in matters of oversight strategy, risk management, and accountability. The establishment of such a committee has been recommended by OIOS, and the Under-Secretary-General, OIOS would also serve as a member. The Management Review and Oversight Committee would work in coordination with the UNOPS Management Coordination Committee. It is expected that the Committee would be established in the second half of 2002.

IV. Executive Board action

8. The Executive Board may wish to take note of the present report.